

FARM MACHINERY VALUATION INSTRUCTIONS

To determine the market value for farm machinery, use the methods listed below. **The methods should be used in sequential order (1 before 2, 2 before 3, and 3 before 4, etc).**

Method 1 - Average Wholesale:

Use the **Average Wholesale** value listed in the Northwest Region, Fall 2008, Official Guide by Iron Solutions.

Method 1 example: The taxpayer reports a 2002 self-propelled Case IH 2388 combine. The Average Wholesale as listed on page 269 of the current Northwest Region Official Guide by Iron Solutions is \$81,771.

Your Orion entry should look like this:

18-000000TEST-001 Personal Property - Strict Personal - Test 56

File View Tools Help

Forms Apply Save Exit

D 18-000000TEST-001 Personal Property - Strict Personal Appraisal

General Ownership Exemptions Assessments Appraisal Transfers Appeals Water Rights Documents

P607632 (NEW) Legal Owner FARMER JOHN(00053632) Situs Tax Year 2009 As Of 01/02/2009

Expand All Copy Calculate Property Value

Commercial Property (11)

Farm Equipment (7)

- 1. 01/02 Combine, Qty 1, Yr New 2002, Yr Acq 2005, Acq Cost 65000
- 2. 01/03 Combine Header, Qty 1, Yr New 2002, Yr Acq 2005, Acq Cost 6000
- 3. 02/06 Grain Drill, Qty 21, Yr New 2005, Yr Acq 2006, Acq Cost 12000
- 4. 01/01 Tractor, Qty 1, Yr New 1962, Yr Acq 1970, Acq Cost 1200
- 5. 01/02 Combine, Qty 1, Yr New 1960, Yr Acq 2008, Acq Cost 1000

Mkt Value: \$81,771

Farm Equipment

Tbl/SubTbl 01/02 Combine Quantity 1 Class Code 6111

Method 1-Avg Wholesale Value 2 or 4 Wheel Dr Revised taxpayer reported detail.

Year New 2002 Gas or Diesel

Make CIH Machinery Code

Model 2388 Farm Manual Year 1998 FOB Type

Size Trended Manual Cost \$0 FOB Year

Year Acq 2005 Avg Wholesale \$81,771 FOB Cost

Acquired Cost \$65,000 Avg Wholesale Year 2002 Page # 269

Override Value and Reason

Ovr Reason Override Value

Comments

Comments

Incentive Program

Type Year Granted

Converted Value

Conv Mkt Val

1/2/2009 1:51 pm Messages

Start 2 Microsoft Office ... 18-000000TEST-00... 3 Microsoft Office ... 2009 Manual Trend factors for H ... 1:51 PM

\$81,771 market value
 $81,771 \times 3\% = \$ 2,453$ taxable value

The taxpayer also reports a 2002 25' Flexible Platform Header attachment for this combine. The Average Wholesale for the header is \$10,037 as listed on page 273 of the current Northwest Region Official Guide by Iron Solutions.

Your Orion entry should look like this:

\$10,037 market value
 $10,037 \times 3\% = \$301$ **taxable value**

Method 2 - DOR Farm Machinery Manual:

Use the Department of Revenue Farm Machinery Manual to determine the new costs.

- Apply the appropriate percentage from the New Cost Factor Chart (PPBA-3) to calculate approximately what the original cost of the equipment would've been when it was new.
- Multiply that value by the appropriate depreciation percentage (PPBA-16) to determine the current market value.
- The new cost factor and depreciation percentage to be used will be determined by the year new of the equipment.

Method 2 example: The taxpayer reports a 2005 John Deere press disc grain drill that is 21' long. She reports that she acquired it for \$12,000 in 2006.

- In the Farm Machinery Manual you find that the cost per foot for Press Disc Grain

Drills 1978 & newer is \$1,073.

$$21' \times \$1,073 \text{ (cost per ft)} = 22,533 \text{ (1998 new cost)}$$

Using the New Cost Factor Chart (PPBA-3 for equipment older than 1998 or the New Cost Factor chart at the front of the DOR Farm Machinery Manual for equipment newer than 1999) you determine the appropriate factor to bring the equipment from the 1998 value to the year new, in this case 2005 value is 1.172.

$$22,533 \times 1.172 \text{ (new cost factor)} = 26,409 \text{ (2005 new cost)}$$

Using the Farm Machinery & Equipment Depreciation Schedule (PPBA-16) you determine that the appropriate depreciation percentage (for 2005 in this case) is 64%.

$$26,409 \times 64\% = \$16,902 \text{ market value}$$

$$16,902 \times 3\% = \$ 507 \text{ taxable value}$$

Your Orion entry should look like this:

18-000000TEST-001 Personal Property - Strict Personal - Test 56

File View Tools Help

Forms Apply Save Exit

D 18-000000TEST-001 Personal Property - Strict Personal Appraisal

General Ownership Exemptions Assessments Appraisal Transfers Appeals Water Rights Documents

P607632 Legal Owner FARMER JOHN(00053632) Tax Year 2009
(NEW) Situs As Of 12/11/2008

Farm Equipment (3)

- 1. 01/02 Combine, Qty 1, Yr New 2002, Yr Acq 2005, Acq Cost 65000
- 2. 01/03 Combine Header, Qty 1, Yr New 2002, Yr Acq 2005, Acq Cost 6000
- 3. 02/06 Grain Drill, Qty 21, Yr New 2005, Yr Acq 2006, Acq Cost 12000

Mkt Value: \$16,903

Farm Equipment

Tbl/SubTbl: 02/06 Grain Drill Quantity: 21 Class Code: 6111

Method: 2-DOR Farm Manual 2 or 4 Wheel Dr: Gas or Diesel: Revised taxpayer reported detail: ☐

Year New: 2005 Make: John Deere Model: Size: 21' Machinery Code: Grain Drills, Farm Manual Year: 1998 FOB Type: FOB Year: FOB Cost: Page #:

Year Acq: 2006 Trended Manual Cost: \$26,410

Acquired Cost: \$12,000 Avg Wholesale: Avg Wholesale Year:

Override Value and Reason

Ovr Reason: Override Value: Comments:

Incentive Program

Type: Year Granted: Converted Value: Conv Mkt Val:

Calculation Detail

Avg Wholesale	\$0
Farm Manual	\$16,903
Original FOB	\$0
Diff Yr. FOB	\$0
Tr Avg WVS	\$0

Depreciation Detail

Age	4
Acq Cst Age	3
Depr Table	PPFarmEq
Pct Good	64

12/11/2008 4:23pm Messages

Start Inbox - Microsoft D... 2009 Manual PPBA-16 Farm Mac... MetaFrame Presen... 18-000000TEST-00... 4:23 PM

Method 3 - Original FOB:

Apply the appropriate percentage from the Farm Machinery & Equipment Depreciation Schedule (PPBA-16) to the original F.O.B. (factory price) or approximate new retail price as determined through old guidebooks. The percentage to be used will be determined by the year the farm machinery was new.

Method 3 example: The taxpayer reports a 1962 Ford Dexta tractor that he acquired in 1970 for \$1,200. No value is listed in the current Northwest Region Official Guide by Iron Solutions but you find a 1962 FOB of \$2,600 in an old guidebook.

Using the Farm Machinery & Equipment Depreciation Schedule (PPBA-16) you determine that the appropriate depreciation percentage (for 1993 & older in this case) is 23%.

$$2,600 \times 23\% = \$598 \text{ market value}$$

$$598 \times 3\% = \$ 18 \text{ taxable value}$$

Your Orion entry should look like this:

18-000000TEST-001 Personal Property - Strict Personal - Test 56

File View Tools Help

Forms Apply Save Exit

D 18-000000TEST-001 Personal Property - Strict Personal Appraisal

General Ownership Exemptions Assessments **Appraisal** Transfers Appeals Water Rights Documents

P607632 Legal Owner FARMER JOHN(00053632) Tax Year 2009

(NEW) Situs As Of 12/11/2008

Farm Equipment (4)

- 1. 01/02 Combine, Qty 1, Yr New 2002, Yr Acq 2005, Acq Cost 65000
- 2. 01/03 Combine Header, Qty 1, Yr New 2002, Yr Acq 2005, Acq Cost 6000
- 3. 02/06 Grain Drill, Qty 21, Yr New 2005, Yr Acq 2006, Acq Cost 12000

Mkt Value: **\$598**

Farm Equipment

Tbl/SubTbl: 01/01 Tractor Quantity: 1 Class Code: 6111

Method: 3-Original FOB 2 or 4 Wheel Dr: Gas or Diesel: Revised taxpayer reported detail: ☐

Year New: 1962 Make: Ford Model: Dexta Size: Machinery Code: Farm Manual Year: 1998 FOB Type: F.O.B. Year Acq: 1970 Trended Manual Cost: \$0 FOB Year: 1962 Acquired Cost: \$1,200 Avg Wholesale: Avg Wholesale Year: FOB Cost: \$2,600 Page #:

Override Value and Reason Comments

Ovr Reason: Override Value: Comments:

Incentive Program Converted Value

Type: Year Granted: Conv Mkt Val:

Calculation Detail Depreciation Detail

Avg Wholesale	\$0	Age	47
Farm Manual	\$0	Acq Cst Age	39
Original FOB	\$598	Depr Table	PPFarmEq
Diff Yr. FOB	\$0	Pct Good	23

12/11/2008 4:35pm Messages

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Note: The depreciation table is loaded into Orion and the calculation is done for you when you click the Calculate button.

Method 4 - Trended FOB:

Apply the appropriate percentage from the Farm Machinery & Equipment Depreciation Schedule (PPBA-16) to the trended FOB (factory price) or approximate retail price as determined by the new cost factor chart. The factor and percentage to be used will be determined by the year the farm machinery was new.

Method 4 example: The taxpayer reports a 1960 John Deere 1010 RU 115G combine. No current value is listed nor can you find a 1960 FOB. You do, however, find a 1963 FOB of \$2,506 for that model. Using the New Cost Factor Chart (PPBA-3) you determine the factor be .99.

$$\begin{aligned}
 2,506 \times 99\% &= 2,481 \text{ Trended FOB} \\
 2,481 \times 23\% &= \$ 571 \text{ market value} \\
 571 \times 3\% &= \$ 17 \text{ taxable value}
 \end{aligned}$$

Note: The “Fall Official Guide” by Iron Solutions does not have an FOB value, the older guides that list actual FOB’s will need to be used.

Your Orion entry should look like this:

18-000000TEST-001 Personal Property - Strict Personal - Test 56

File View Tools Help

Forms Apply Save Exit

D 18-000000TEST-001 Personal Property - Strict Personal Appraisal

General Ownership Exemptions Assessments **Appraisal** Transfers Appeals Water Rights Documents

P607632 Legal **Owner** FARMER JOHN(00053632) **Tax Year** 2009
(NEW) **Situs** **As Of** 12/31/2008

Property Owned by Others (U)

Mkt Value: **\$571**

Farm Equipment

Tbl/SubTbl: 01/02 Combine Quantity: 1 Class Code: 6111

Method: 4-Trended FOB 2 or 4 Wheel Dr: Revised taxpayer reported detail.

Year New: 1960 Gas or Diesel:

Make: JOHN DEERE

Model: 1010 Machinery Code:

Size: Farm Manual Year: 1998 FOB Type: Trended F.O.

Year Acq: 2008 Trended Manual Cost: \$0 FOB Year: 1963

Acquired Cost: \$1,000 Avg Wholesale: FOB Cost: \$2,506

Avg Wholesale Year: Page #:

Override Value and Reason

Ovr Reason: Override Value: Comments:

Incentive Program

Type: Year Granted: Converted Value: Reporting Name: PPFarmComments

Conv Mkt Val:

Calculation Detail

Avg Wholesale: \$0 Age: 49

Farm Manual: \$0 Acq Cst Age: 1

Original FOB: \$0 Depr Table: PPFarmEq

Diff Yr. FOB: \$571 Pct Good: 23

Tr Avg WVS: \$0

Tr Acq Cost: \$0

Message: None

12/31/2008 3:26pm Messages

Start Inbox - Microsoft O... 2009 Manual 3 Microsoft Office ... Microsoft Excel 18-000000TEST-00... 3:26 PM

Method 5 – Factored New Cost:

Use the New Cost Factor Chart (PPBA-3) to trend down the wholesale value of Farm equipment whose same make and model are listed in the current Official Guide – Northwest Region, but whose year is no longer listed.

Use this method in place of method (3) or (4) ONLY if those methods result in a higher value being placed on a piece of farm equipment than the last year listed in the current Official Guide - Northwest Region for the same make and model.

Method 5 example: The taxpayer owns a 1977 JD 4040 tractor. There is no current value listed but you find a wholesale value of 7,680 listed for a 1978 JD model 4040.

$$7,680 \times .93 = \$7,142 \text{ Trended wholesale / market value}$$

$$7,142 \times 3\% = \$ 214 \text{ taxable value}$$

Your Orion entry should look like this:

18-000000TEST-001 Personal Property - Strict Personal - Test 56

File View Tools Help

Forms Apply Save Exit

D 18-000000TEST-001 Personal Property - Strict Personal Appraisal

General Ownership Exemptions Assessments **Appraisal** Transfers Appeals Water Rights Documents

P607632 Legal Owner FARMER JOHN(00053632) Tax Year 2009

(NEW) Situs As Of 12/31/2008

☐ Industrial Property (0)
☐ Miscellaneous Property (0)
☐ Property Owned by Others (0)

Mkt Value: **\$7,142**

Farm Equipment

Tbl/SubTbl	01/01 Tractor	Quantity	1	Class Code	6111
Method	5-Factored Cost New	2 or 4 Wheel Dr		<input type="checkbox"/> Revised taxpayer reported detail.	
Year New	1977	Gas or Diesel			
Make	JOHN DEERE	Machinery Code			
Model	4040	Farm Manual Year	1998	FOB Type	
Size		Trended Manual Cost	\$0	FOB Year	
Year Acq	2008	Avg Wholesale	\$7,680	FOB Cost	
Acquired Cost	\$500	Avg Wholesale Year	1978	Page #	

Override Value and Reason

Ovr Reason		Override Value		Comments	
				Comments	

Incentive Program

Type		Year Granted		Converted Value	
				Conv Mkt Val	

Calculation Detail

Avg Wholesale	\$0	Age	32
Farm Manual	\$0	Acq Cst Age	1
Original FOB	\$0	Depr Table	PPFarmEq
Diff Yr. FOB	\$0	Pct Good	23
Tr Avg WS	\$7,142		
Tr Acq Cost	\$0		

12/31/2008 3:33pm Messages

Start | Inbox - Microsoft O... | 2009 Manual | 3 Microsoft Office ... | Microsoft Excel | 18-000000TEST-00... | 3:33 PM

Method 6 - Acquired Cost:

Apply the appropriate percentage to the acquired cost. The percentage to be used will be determined by the year acquired.

Method 6 example: The taxpayer owns a 1980 Barnard 689F tractor. No current value is listed and you cannot find an FOB for any year for that model. The taxpayer acquired the tractor in 1999 for \$20,000.

$$20,000 \times 36\% = \$7,200 \text{ market value}$$

$$7,200 \times 3\% = \$ 216 \text{ taxable value}$$

Your Orion entry should look like this:

The screenshot displays the Orion software interface for a personal property appraisal. The title bar reads "18-000000TEST-001 Personal Property - Strict Personal - Test 56". The menu bar includes File, View, Tools, and Help. The toolbar contains buttons for Forms, Apply, Save, and Exit. The main window title is "D 18-000000TEST-001 Personal Property - Strict Personal". The tabs include General, Ownership, Exemptions, Assessments, Appraisal (selected), Transfers, Appeals, Water Rights, and Documents. The entry number is "P607632" with a status of "(NEW)". The owner is "FARMER JOHN(00053632)" and the situs is "Legal". The tax year is "2009" and the date is "As Of 12/31/2008". The market value is "\$7,200".

The "Farm Equipment" section contains the following fields:

- Tbl/SubTbl: 01/01 Tractor
- Quantity: 1
- Class Code: 6111
- Method: 6-Acquired Cost
- 2 or 4 Wheel Dr: [dropdown]
- Revised taxpayer reported detail: [checkbox]
- Year New: 1980
- Gas or Diesel: [dropdown]
- Make: BARNARD
- Model: 689F
- Machinery Code: [dropdown]
- Size: [dropdown]
- Farm Manual Year: 1998
- FOB Type: [dropdown]
- Year Acq: 1999
- Trended Manual Cost: \$0
- FOB Year: [dropdown]
- Acquired Cost: \$20,000
- Avg Wholesale: [dropdown]
- FOB Cost: [dropdown]
- Avg Wholesale Year: [dropdown]
- Page #: [dropdown]

The "Override Value and Reason" section includes:

- Ovr Reason: [dropdown]
- Override Value: [dropdown]
- Comments: [text area]

The "Incentive Program" section includes:

- Type: [dropdown]
- Year Granted: [dropdown]
- Converted Value: [dropdown]

The "Calculation Detail" section shows:

- Avg Wholesale: \$0
- Farm Manual: \$0
- Original FOB: \$0
- Diff Yr. FOB: \$0
- Tr Avg WVS: \$0
- Tr Acq Cost: \$7,200
- Message: None

The "Depreciation Detail" section shows:

- Age: 10
- Acq Cst Age: 10
- Depr Table: PPFarmEq
- Pct Good: 36

The market value is displayed as "Mkt Value: \$7,200". The bottom status bar shows the date and time "12/31/2008 3:39pm" and the message "Messages". The taskbar at the bottom includes Start, Inbox - Microsoft O..., 2009 Manual, 3 Microsoft Office ..., Microsoft Excel, and 18-000000TEST-00...

FARM MACHINERY & EQUIPMENT DEPRECIATION SCHEDULE

This schedule is to be used from January 1, 2009, through December 31, 2009, (reference ARM 42.21.123).

<u>YEAR</u>	<u>TRENDED % GOOD</u>
2009	80%
2008	75%
2007	70%
2006	70%
2005	64%
2004	60%
2003	52%
2002	46%
2001	42%
2000	39%
1999	36%
1998	35%
1997	33%
1996	31%
1995	31%
1994	26%
1993 and older	23%

Note: All agricultural implements and machinery with a market value less than \$100 are exempt 15-6-207 (3), MCA. If any of the above valuation methods result in a market value of \$99 or less that item becomes exempt from taxation.

Example: The taxpayer has an old Ferguson harrow that she purchased in 1960 for \$300. $300 \times 23\% = \$ 69$ **market value**

Note: This depreciation schedule is also used to value lease & rental tanks. (Lease & Rental Table 10)

Note: Remember when trending down that the DOR Farm Machinery Manual contains 1998 new costs.

<u>Property Type</u>	<u>Class Code</u>	<u>Property Class</u>	<u>Taxable Percentage</u>
Farm Machinery & Equipment	6111	8	3%